

SPEECH FOR HONOURABLE D. SESUNGKUR

MINISTER OF FINANCIAL SERVICES AND GOOD GOVERNANCE

Madam Speaker

I would wish at the very outset to congratulate and thank the Honourable acting Prime Minister for introducing these two important Bills, that is, the Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Bill 2019 and the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Bill 2019 before the House today. This day will remain a landmark in the history of our country. This day shows the commitment, political will and the seriousness of this Government in combatting money laundering and the financing of terrorism and proliferation.

Madam Speaker,

It is the vision of this Government to double the size of the financial services sector by 2030. Currently, the contribution of the Financial Services Sector to the Mauritian economy represents almost US\$1 billion to GDP (8% of total) and US\$180 million in tax revenues (8% of total), providing over 11,000 jobs. In line with Government's Vision 2030, the financial services sector aspires to grow its contribution to GDP, in real terms, to US\$1.9 billion. This will increase IFC-related employment by 1.5 times to approximately 17,000 jobs and increase tax revenue to approximately US\$0.3 billion in real terms.

To sustain the growth of our financial services sector as a credible market for investors, a sound and robust framework that promotes the integrity of our financial services sector is a *sine qua non*.

It is therefore essential for Mauritius to initiate all appropriate measures to protect its financial services sector particularly as it has been noted in the recent past the IFC's ambitions are being challenged by growing international pressure, such as the Securities and Exchange Board of India and the European Union as well adverse press coverage and the changing international economic landscape.

It is therefore our vision, and I would even state that it is our obligation, Madam Speaker, to create a high level legal ecosystem to sustain our financial services sector for at least the forthcoming decade and beyond.

Combatting money laundering and terrorism financing requires a strong political will and commitment. Our willingness to take bold measures bears testimony to our strong determination to fight money laundering and terrorism financing. Our work to update and align our framework with the international standards is ongoing.

Madam Speaker,

We are before the House today to put in place a robust legal and regulatory framework to detect, deter, and take action against money laundering and terrorism financing. It is on the back of these resolute actions, Madam Speaker, that we are building and strengthening our reputation as an international financial centre of integrity and excellence.

As already announced in my statement in this House on 16 April 2019, our first application for re-rating has met the approval of both the ESAAMLG Task Force of Senior Officials and the FATF Secretariat and we are awaiting the completion of the application process. It is expected that the report will be published by the ESAAMLG Secretariat any time during this week itself.

The House will also recall the Statement made by the Honorable Prime Minister in this House on 03 May 2019 in which he mentioned the letter received from the Executive Director representing the African region on the Executive Board of Directors of the IMF in which he pointed out the significant progress made by Mauritius to strengthen AML/CFT framework and, as a result, Mauritius has recently been upgraded by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) on 11 FATF recommendations.

Based on the results of the Mutual Evaluation Report, the ESAAMLG Council of Ministers at its meeting in Seychelles in September 2018, placed Mauritius on the Enhanced Follow up Process of ESAAMLG. Accordingly, Mauritius has to report biannually on the progress made to implement the recommended actions contained in the Mutual Evaluation Report.

Madam Speaker,

In our first application for re-rating we applied for the re-rating of 12 Recommendations of which 10 have been re-rated as largely compliant or compliant making Mauritius compliant or largely compliant on 24 out of the 40 Recommendations. Now, sixteen

FATF Recommendations, are still rated Non-Compliant or Partially Compliant and the technical compliance deficiencies must therefore be addressed.

In his letter of 15 November 2018, the FATF President informed me that due to the results of the Mauritius' most recent Mutual Evaluation Report, Mauritius has been placed in the [FATF International Co-Operation Review Group process](#), the ICRG. A jurisdiction that enters the ICRG review process on the outcome of its mutual evaluation results, has a one-year Observation Period to work with the FATF or its FATF-Style Regional Body, in our case, the ESAAMLG, to address deficiencies before possible public identification and formal review by the FATF.

This observation period for Mauritius will end in October 2019. At the end of the observation period, the Africa/Middle East Joint Group will assess the degree and quality of progress made by Mauritius based on any relevant information submitted by Mauritius to the Joint Group, including the Mauritius's ESAAMLG enhanced follow-up report.

The Joint Group will, in particular, assess whether Mauritius has addressed the technical deficiencies identified in Recommendation 5 on criminalizing terrorist financing, Recommendation 6 on targeted financial sanctions related to terrorist financing, and Recommendation 10 on customer due diligence. I have to highlight that the deficiencies relating to Recommendation 10 have been largely addressed. The ESAAMLG and the FATF Secretariat have already agreed to upgrade the technical compliance rating from non-compliant to largely compliant and the Mauritius follow up report is expected to be published this week.

Madam Speaker

I wish to emphasize that in respect of countries under the ICRG process and having serious and longstanding strategic deficiencies, the FATF may call on its members and non-members to apply counter-measures against them in order to protect the international financial system. Counter-measures range from specific elements of enhanced due diligence and systematic reporting of transactions involving the jurisdiction, to a limitation or prohibition of financial transactions with the country.

Thus, to avoid the FATF naming and shaming process of ICRG, it is imperative for us, as a matter of priority, to take all necessary steps to address the recommended actions contained in the Mutual Evaluation Report.

Madam Speaker

Complying with AML/CFT international standards is a conscious choice that this Government has made to consolidate the foundations of our financial services sector to enable it to sustain future developments in line with its Vision 2030.

Madam Speaker,

Despite the daunting task and many challenges, I am happy to say that we have made much headway in the last year as we aspire to achieve full compliance in implementing AML/CFT standards.

However, I cannot proceed further without saying, that we would have been spared much grief if the work had been effectively undertaken before we took office. *Je me*

dois de rappeler aux membres de l'Opposition que ce n'est pas ce gouvernement qui est à pointer du doigt pour ce qui s'est passé.

Allow me to explain. Pour ceux qui ont la mémoire courte, et surtout SELECTIVE, je rappelle qu'il y a eu une première évaluation en 2007 sur la base des procédures que le FATF avait mises en place en 2004.

Le "Mutual Evaluation Report" de 2008 contenait des recommandations auxquelles Maurice devait se conformer. Donc, à partir de cette date, le pays était sous le processus de déclaration de l'ESAAMLG. Mais qu'est-ce qui s'est passé ensuite ? Et c'est là où je vais rafraîchir la mémoire des honorable membres de l'autre côté de la Chambre, qui ne sont pas là, Mme La Présidente.

Pendant cette période – où je le précise, Xavier Duval, l'actuel Leader de l'Opposition, était alors ministre du gouvernement travailliste et était aussi président de l'ESAAMLG en 2011-2012 – la plupart des recommandations du rapport de 2008 pour améliorer l'environnement réglementaire eu égard à la lutte contre le blanchiment d'argent et le financement du terrorisme n'ont pas été mises en œuvre, Mme la Présidente, hormis la promulgation de l'Asset Recovery Act. Les gouvernants d'alors, dont l'Honorable Xavier Luc Duval ont FAILLI à leur tâche car ils n'ont RIEN fait pour régler les déficiences notées. On se demande bien pourquoi !

Madam Speaker,

Although Mauritius held the ESAAMLG Presidency between September 2011 and September 2012 and in that capacity had a leadership role in ESAAMLG region, it failed to address its own AML/CFT deficiencies! Yes, Madam Speaker, facts are as they are.

Furthermore, the low level of engagement of Mauritius with the ESAAMLG with limited participation in ESAAMLG meetings has undermined our commitment at the highest level of ESAAMLG.

Et pourtant depuis février 2012, Maurice était au courant des nouvelles normes du FATF. Faut-il, encore une fois rappeler qui étaient ceux qui étaient au pouvoir durant cette période ?

Pour ceux qui n'ont toujours pas compris et encore pour ceux qui ont la mémoire courte, c'est Roshi Bhadain qui était le ministre des Services financiers de 2014 à janvier 2017. Il n'a rien fait pendant deux ans alors qu'il était ministre responsable de ce dossier. D'ailleurs, il n'a pas cru bon de recevoir l'équipe des assesseurs de l'ESAAMLG.

Mais moi, Mme la Présidente, en tant que ministre responsable de ce gouvernement et sachant bien l'importance de ce dossier, non seulement, je les ai reçus mais je me suis aussi assuré des suivis nécessaires.

Suivant l'adoption des recommandations révisées du FATF en 2012 et de la méthodologie d'évaluation en 2013, le Conseil des ministres de l'ESAAMLG a approuvé de nouvelles procédures d'évaluation mutuelle en septembre 2014. Lors de cette même réunion, le Conseil des ministres a approuvé la liste des évaluations, selon laquelle Maurice devait faire l'objet d'une évaluation mutuelle en 2016.

En octobre 2016, l'ESAAMLG a entamé le processus d'évaluation mutuelle avec un examen documentaire pour évaluer le système AML/ CFT de Maurice à l'aide de la méthodologie d'évaluation 2013 du FATF. En fait, à ce moment-là, Maurice aurait dû

compléter, au minimum, l'évaluation des risques de blanchiment d'argent et de financement du terrorisme auxquels le pays est confronté; et la Promulgation de législations nécessaires et la mise en œuvre d'autres mesures pour rendre le cadre AML/CFT conforme avec les nouvelles normes du FATF. Malheureusement, encore une fois, en raison du manque d'engagement et de volonté de Bhadain, le processus d'évaluation mutuelle a connu un faux départ.

Je laisse donc le soin à ceux qui s'amusent à tronquer l'histoire et accusent ce gouvernement d'avoir mal géré ce dossier d'aller réviser leurs notes. J'ai fait ce que tout ministre responsable dans ma position aurait fait. J'ai la conscience tranquille et le sentiment du devoir accompli.

*Aujourd'hui, Mme la Présidente, nous allons, comme le dit l'anglais, **a level up** avec cette législation qui est aujourd'hui devant les parlementaires des deux côtés de la Chambre. Dont l'objectif est d'amender plusieurs législations existantes afin de répondre aux normes internationales requises par le FATF.*

Aujourd'hui, Madame la Présidente, je leur laisse à leur conscience. A eux de voir si encore une fois ils vont faillir à leurs tâches. En fait, ils ont déjà failli !

Bien souvent, les informations qui fuient dans la presse, sont infondées. Et elles font beaucoup de tort au secteur. Je le répète, ces attaques de bas étage contre Maurice ne nous freineront pas.

Madam Speaker,

We are now doing our best to take remedial actions that ought to have been taken within the last 10 years. We are doing our very best to ensure that we are competently and regularly represented at ESAAMLG meetings, which was not the case previously. Furthermore, among other things, Mauritius has, on 01 March 2019, submitted to the ESAAMLG Secretariat a second application for the technical compliance of re-rating of 20 FATF Recommendations rated non-compliant, partially compliant or largely compliant. And to support this application for technical compliance re-rating, we are before the House today to present for Second Reading:

- (i) The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Bill 2019; and
- (ii) The Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Bill 2019.

Madam Speaker

Our world today is sadly defined by some contemporary realities which make nations live and shudder in fear in everyday life, and terrorism is one of them. From the United States, India, France, Kenya and more recently New Zealand and Sri Lanka, terrorist attacks have caused indescribable pain and trauma amidst families and communities. Terrorism knows no boundaries, no nationality, no colour. It destroys peace, it destroys the social fabric, it annihilates economic development and undermines political stability. Terrorists and terrorist organisations are today taking full advantage of modern technology to develop effective channels of communication that enable them to recruit and raise funds around the globe.

Madam Speaker,

Mauritius is fully aware of its international obligations as a responsible global citizen and is therefore taking bold measures to implement the targeted financial sanctions under the relevant United Nations Security Council resolutions and FATF standards by the introduction of the The United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Bill 2019. The Bill will undoubtedly enable Mauritius to address the technical compliance deficiencies under FATF Recommendations 6 concerning targeted financial sanctions related to terrorism financing and 7 regarding financial sanctions related to proliferation, which were both rated non-compliant in the Mutual Evaluation Report.

Madam Speaker,

Our nation has placed in Members of this House, Trust. Collectively we all bear a common responsibility to ensure the security of our people. With the introduction of this important piece of legislation in a bid to complement our existing arsenal of laws and policies, we shall be consolidating efforts to defeat terrorists and root out terrorism financing activities. With the introduction of this legislation, we shall be fortifying response mechanisms, scaling up best practices and enhancing coordinated activities across countries so that, together, we can preempt the harmful intent of terrorists and terrorist organisations.

Madam Speaker,

We are in fact seeking to ensure that Mauritius never becomes a safe haven for terrorists and terrorism financing activities.

Madam Speaker,

The Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (Miscellaneous Provisions) Bill 2019 before the House with a view to reinforcing our country's AML/CFT framework.

The Bill, Madam Speaker, amends 18 existing enactments with a view to meeting international standards of the FATF on anti-money laundering and combatting the financing of terrorism and activities related to the proliferation of weapons of mass destruction, and to provide for matters related thereto.

Madame la Présidente,

Je me dois aussi de rappeler à cette auguste Assemblée que notre République, Maurice est classée comme une des 'top performers' au niveau mondial que ce soit par la Banque Mondiale, le 'Ease of Doing Business', le 'World Economic Forum', 'Mo Ibrahim Foundation', 'Moody's Index' pour ne citer que ceux-la.

Pour ce qui est de l'ESAAMLG nous avons tiré les leçons qu'il fallait, nous avons fait ce qu'il fallait- DEFENDRE bec et ongle l'intégrité de notre juridiction et depuis avril 2019, nous avons franchi une étape majeure et sommes désormais sur les «good books» du groupe.

Madame la présidente,

Ce gouvernement a un plan global très ambitieux pour le secteur financier. L'environnement global a changé drastiquement. Notre secteur financier s'est

beaucoup développé grâce aux multiples accords qu'on avait avec plusieurs juridictions financières. Et il est de notre devoir en tant que gouvernement responsable de protéger nos acquis et de porter plus loin ce secteur.

Il y a un processus de réforme enclenché dans le secteur financier. Celle-ci a été enclenchée depuis l'arrivée au pouvoir de ce gouvernement. Ces réformes visent à solidifier l'écosystème du secteur financier tout en consolidant la réputation de Maurice à l'international.

Dans le même temps, Maurice répond aux exigences de l'OCDE (Organisation de coopération et de développement économiques) et de l'Union Européenne en donnant plus de transparence et de substance à sa juridiction.

Maurice s'est aussi aligné sur les provisions du BEPS (Base Erosion and Profit Shifting). C'était nécessaire dans la mesure où l'on ne tolère plus les compagnies qui font du Treaty Shopping.

Nous sommes en train de jouer le jeu en nous conformant aux normes internationales. Il faut de la transparence et de l'équité dans le secteur financier, faute de quoi on mettra en péril notre compétitivité.

Madame la Présidente,

Il y a beaucoup de concurrence dans le secteur financier. Certains ont beaucoup à perdre si Maurice accentue ses parts du marché. Croyez-vous que tout le monde est content que notre juridiction soit plébiscitée pour lever des capitaux à destination de l'Afrique ?

Il faut bien comprendre que si les investisseurs internationaux se tournent vers nous c'est parce qu'ils ont confiance dans le système et que nous leur inspirons une certaine garantie. En votant des lois, comme celles sur lesquelles nous débattons aujourd'hui, c'est un signal très fort que nous envoyons aux investisseurs locaux, régionaux et internationaux. Ils savent que leur business peuvent se développer dans un environnement stable.

D'ailleurs, en termes de facilitation des affaires, Maurice se classe première en Afrique.

Madam Speaker,

I am confident that the proposed legislative package will go a long way to ensure that our financial sector remains robust and internationally competitive. The legislations are pre-emptive and will act as deterrent so that our jurisdiction does not find itself on the back foot amidst a virally active money laundering and terrorist financing landscape. In so doing, we are fostering a conducive environment for the financial services sector to continue to prosper in a sustainable and ethical manner buttressing its position as an active player in the global financial market.

So, I seize this opportunity to appeal to Honourable Members of the House to support these Bills and reaffirm our commitment to be a responsible member of the international community and uphold our standing as a well-regarded and well-regulated financial centre. I wish here to draw from words of Prime Minister Narendra Modi when he announced historic measures to fight black money in India. He said (and I quote):

"In a country's history, there come moments when every person feels he too should be part of that moment, that he too should make his contribution to the

country's progress. Such moments come but rarely. Now, we again have an opportunity where every citizen can join this mahayajna against the ills of corruption, black money and fake notes." End of quote

Madame la Présidente,

La réputation d'un pays n'a pas de prix. Et quand il s'agit de l'image de la République, on ne peut, comme le font certains membres de l'opposition, agir d'une manière irresponsable et antipatriotique. Souvent les honorables membres de l'autre côté de cette Chambre ne réalisent pas le tort immense qu'ils font à l'image et à la réputation du pays en faisant, souvent, des déclarations irréfléchies.

Our strength and determination on this battlefield must be in absolute terms. So, I make a plea to Honourable Members to give support to these Bills and help the Government in its resolve to be responsible and vigilant. Let us not use these Bills endeavouring to achieve Public good as a tool for political retaliation.

In closing, I wish to take this opportunity to thank our Honourable Prime Minister for his steadfastness, his support and commitment in this fight against Money Laundering and Terrorist Financing. It is on the strength of his exemplary leadership that we are taking bold and decisive measures to ensure that Government honorably serves the people of Mauritius.

Thank you, Madam Speaker.